[Mr. S. Sundararajan.]

during the interim period and with a master mind at its head to guide and control, the growth of trade is undoubted. Elsewhere in the detailed budget will be found a balance sheet of the assets and liabilities of the State which will show how carefully it has been husbanding its resources, how thoughtful it has been of the future and funded its resources for meeting distress and difficulties of all possible variety. Her debt position is an eloquent tribute to her credit-worthiness. On the whole the State has been holding fast to well recognised principles of public finance and has boldly faced difficulties whenever they arose. It has long outlived the stage of isolation and is now taking its rightful place with the rest of India. Let me therefore conclude with what an eminent Indian publicist has stated about this country.

"Educationally, the State is second to none in India; economically, it is exploiting its bountiful natural resources with the aid of the latest scientific methods; it has socialised its transport system; it has removed the economic disabilities of the backward classes by raising their social status; it has an administration based on the autonomous pattern of the provinces; it has a legislature with powers to vote and discuss its public and economic policy; and more important than these, it has at its head a Sovereign whose sole preoccupation is the progressive welfare of his subjects who is assisted by a statesman whose breadth of vision and capacity for service is universally recognised. There is nothing that the State of Travancore could not achieve under such inspiring circumstances."

Mr. J. E. A. PEREIRA (*Member Sri Mulam Assembly Commerce and Industry South*): Sir, with the permission of the Chair, I may point out one circumstance in this connection. Yesterday's 'Madras Mail' contains the forecast of the Budget of the Travancore Government for the year 1116 M. E. I wish to submit that it is the privilege *only* of the members of the two Houses to be given the Budget first and that the newspapers have the right to be given copies of the Budget later.

PRESIDENT: Officially, the first intimation that is to be given to the public is by means of the Budget statement. But forecasts of the Budgets are published all over the world in advance. It will interest the members to know that the forecast of the British Budget is published before its presentation in the Parliament. The American Budget in its main features is generally known to the public months before actual presentation. The point is that the public should have some idea of what is likely to be in store for them—either good or bad. Of course it must be recollected that these forecasts may not always turn out to be correct and may suffer last minute changes. These forecasts have often a stabilising effect.

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Your Highness, Mr. Resident, and Fellow-Members of the Legislature,

Under the Rules it is my privilege as President to make a statement with regard to the Budget presented by the Financial Secretary and in conformity with precedents, I now proceed to fulfil my task. I would start by complimenting genuinely and with no reservations the Financial Secretary on the lucidity and the comprehensiveness of the statement made by him and on the helpful clarity of his speech. It is not often that such a clear statement of the position and the programme of the State is made available, but we find that the Financial Secretary who is both experienced and talented has made it possible for the figures to speak, and to speak in a lively fashion. I think a tribute is due to him for his very meritorious performance.

Of course the task of the Financial Secretary has been rendered somewhat easier because in essence he has to deal with what in spite of the handicaps and obstacles of these times might be described as a prosperity Budget. I now propose to say a few words, not by way of repeating what has fallen from the Financial Secretary, but for the purpose of filling some blanks and for enunciating the policy of Government for the coming year in regard to certain Development Departments. Let me here and now remind these Houses of the Legislature that this is going to be the tenth year after the accession of His Highness the Maharaja to his historic Throne, and it is appropriate to cast our minds on the past and project our minds into the future. My observation will I hope be of some assistance to the Members of the Legislature in doing so. It has been my good fortune to have served our great Sovereign from the date of his accession, for five years as Constitutional Adviser, with certain interruptions permitted and sanctioned by the Maharaja during the periods I was working in Simla as Member successively in charge of Law and Commerce and also subject to an interval when I had the honour to represent India at the Joint Parliamentary Committee and the World Economic Conference. Subject to these breaks, I have been fully acquainted with the progress of this State during all these years and from 1936 I have been responsible for the general and financial policy as Dewan.

Both when I was Adviser and when I assumed the reins of the present office, I received a mandate from the Maharaja. That mandate was to see that the revenues of the State were not only carefully husbanded, but that having regard to the tremendous populousness of the country it has become necessary that our food resources should be multiplied and that we should earn in industry and trade, enough to feed ourselves and maintain fairly high standards. Here I may point out that we are nearly six million people in an area which is one-fourth that of Mysore, a State which is not very much more populous than ours. In our area of about 7600 square miles, about 2000 to 3000 square miles are taken up by hills, which, however valuable as a potential source of wealth, are not easily habitable under present conditions,

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though science may solve this problem also. Not a small part of the rest of the territory is taken up by back-waters and streams and lakes leaving a residuary extent of about 4500 sq. miles at the most, open to cultivation and development. In this area of 4500 sq. miles a population of nearly six millions—who knows what the next census might disclose—have to live and move and have their being. Unless therefore new methods of cultivation are devised and new sources are tapped, and unless a process of active and immediate industrialisation is started enabling this country to make enough to buy its food, there is very little hope for the future. His Highness the Maharaja is fully conscious of it and he has charged me with the task of finding a solution of this difficult problem. This Budget reveals the extent to which that task has been attempted and to which the ideals of our Maharaja have been sought to be translated into action.

Before I proceed to discuss the re-orientation of policy, both agricultural and industrial, which it is the ideal and the aspiration of His Highness to inaugurate and implement, there is an outstanding matter on which I cannot but speak at the outset. And that is the position in which not only the State but India, and not only India but the whole world finds itself today.

I am referring to the War. As the Financial Secretary's speech has indicated, the war has affected us profoundly and in some respects it has affected or can affect many other units of the Indian Empire. We are more or less in the same condition as England, unable to produce all our food, depending on imports for our daily sustenance and able to make both ends meet only by a lively commerce between this country and other countries. We are dependent to a very great extent indeed upon our imports and exports. And therefore the finances of Travancore are dependent on world prosperity and world economy. They are dependent upon the extent to which other countries can buy our produce and it must be remembered in this connection that our produce cannot be said to relate entirely to what may be called the bare necessities of life. Tea, rubber—rubber perhaps is a necessity today—cardamom, spices, these are articles regarding which the market will fluctuate according to the purchasing power of the people of the world. And in regard to another matter which may be treated as a necessity in ordinary times, the position is very serious. This country depends to no small extent upon the cocoanut palm. Copra and coir products form a material portion of our produce and our trade. Such products used to find a market in France, in Belgium, in Holland, in Germany, in Italy and also in the United States and in England. Many of these markets have vanished. I am however glad in this connection to be able to say that owing to representations made by this Government to the Government of India, there are some hopes that the mission which is now proceeding from the British Government to the United States for the purpose of re-habilitating Indian trade in the United States may be

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charged also with the incidental mission of bringing our necessities to the notice of that great Government, so that what we have lost in the markets of France, of Germany and of Holland may perhaps be made good by the purchases of a country which is today financially the most prosperous country in the world.

There is one matter in this connection which I must bring to the notice of the honourable House. When we are trying to improve our markets in the United States of America, we heard rumours that the United States were contemplating an increase of import duties on coir mats and matting. The little chance that is possible in the United States may be lost to us if such an enhancement takes place, and it will be the attempt and hope of this Government that the United States may be persuaded not to take such a step at this juncture.

But let us not pin all our hopes on the demand from the U. S. A. The United States have got the Philippines which also produce cocoanut palm and which also experience economic stringency. It may be that for that reason we might not succeed as well as we might otherwise do. The result therefore is that the war has brought us face to face with a difficult position so far as our economic maintenance is concerned. And we are driven to seek Indian markets and the continental markets of Asia for our products. Very little has been done in that direction. But I can tell the honourable members of the Legislature that it is the aim and the policy of our Government to push forward with all the energy possible for the purpose of advancing sales of these commodities. For this purpose I made an offer sometime ago and I repeat the offer here and through the Legislature to the people of Travancore. I call upon the Chambers of Commerce here, I call upon the organisers of industries, I call upon the capitalists of the State to come together and put forth an organised effort to save the situation. Let them form syndicates or companies for the purpose of pushing our own products all over India. Let them appoint their own trade agents. Let them pay handsome commissions. Let them sell their products to the best advantage. A great deal can be done in that way. Very few of us know anything about the comparative merits of Pears' soap and other soaps. But there are big placards advocating the purchase of Pears' soap, pictures and neon signs and other attractive features which make an impressive and almost overwhelming appeal. When a person goes to a shop and asks for soap he remembers these advertisements and instinctively asks for it. Let us profit by such examples. There should be a tremendous advertising campaign throughout India for the purpose of pushing our produce. Government cannot undertake it. They have tried it in the past and they have failed; and naturally failed. What can Governments do in that direction? What can the Chief Secretary or myself do? Mr. Sundararajan, talented as he may be in the matter of figures, if he is asked to

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advertise things, would probably be a great failure. If Government appoint a Trade Agent with a handsome salary, how does it essentially affect him if the sales are insignificant, so long as he gets his salary month after month! The less the sales the less perhaps is the trouble that he has to take. The less demand there is, the more leisure he has. And therefore the appointment of a Government Trade Agent for pushing the sale of these wares is in the main a futility and a waste. For that purpose the only way in which the work can be done is through private agencies dominated by the overmastering human impulse of private gain and private advantage. If such a syndicate is started, if such an organisation is founded, I have given my word—the Government will implement that word—to pay not less than 50 per cent. of the total expenses incurred by such an organisation or syndicate. With that promise I hope it will be possible in the coming year for an organisation to come into being which will not stint money and energy in the way of pushing our goods in all possible places in India and elsewhere. I hope that we shall be able to build up a position for ourselves in spite of the competition of these days and in the stress and strain which is not only an accompaniment of this terrible war but is bound to be an aftermath of this war.

There is another matter in this connection with which I shall have to deal and that is the position of Ceylon *vis a vis* Travancore and India. Travancore produces something over half the total amount of cocoanut products in India. We are therefore, to a certain extent, monopolists in those products. Taking Travancore, British Malabar and Cochin together, I may say that we produce about two-thirds of these products in India. Now we are finding ourselves in the position that Ceylon under-sells us in our own markets in regard to these articles. To a certain extent they are able to do so because the trade of Ceylon is organised by capitalists, whereas the cultivation of the cocoanut and allied products is a cottage industry in Travancore and Malabar and is in the hands of the poorest of the poor. Capital can organise as no poor man can organise. Even given those advantages, it is difficult to see how without resorting to the process called dumping, Ceylon is able to under-sell us in India. It must be recollected that Ceylon levies a heavy import duty on eggs, vegetables and other products that used to go from here, and that the trade in those products has been practically annihilated. This unfair competition from Ceylon is allowed, but we have no real power to retaliate without the support and the concurrence of the Government of India. There is another factor—a large proportion of labour in Ceylon is Travancorean. I do not want to enter into controversial politics now on the position of Indian labour in Ceylon, but it is well known. All that I am asking is, given the worsening position of Travancore labour in Ceylon, given the practical banning of our exports by Ceylon, we should be put as to cocoanut products at least in a position of equality with Ceylon and such preference may be given as will counteract the effects of dumping. That is an appeal which I make and an observation which I think I am entitled to make.

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As regards the War situation I think it is only proper that I should mention that on the day the war broke out, His Highness the Maharaja promised to place the whole resources of the State at the disposal of His Majesty's Government. This was not done in a conventional sense, it was not with a view to any personal advantage, not with a view to any *quid pro quo*, but because loyalty arising from mutual friendship and the pledged word is an essential Indian virtue, is an essential feature o fIndian character. In pursuance of that offer arrangements have been made to provide a trawler and minesweeper which will be named H. M. S. "Travancore" for the purpose of guarding these seas and for dealing with the submarine menace. I believe it will soon come into being and be a perpetual reminder of the manner in which Travancore has risen to the occasion and of the manner in which we have tried to do our bit in this terrible struggle. In addition, as honourable members already know, he has offered a plane for war service. The Travancore Government have also agreed to take steps for training technicians for industrial purposes, to train young men to help His Majesty's Government in the manufacture of munitions to the extent to which such manufacture is possible in the State. The Travancore University has also offered to take in those students whose studies may be interrupted in England and who might come here to continue their studies. The period spent by Indian students in English Universities will be recognised for purposes of completing degree courses here. This is only a small part of what has been done or what has to be done.

His Highness has also offered one battalion of the State Forces and we may have to raise another and another and yet another battalion not only for the purpose of fighting the enemy outside, but for internal security. In these discussions about war, it is not often remembered, as it should be remembered, that the difficulty with regard to India may not only be with enemies outside but also with those subversive, destructive, and disintegrating elements within our own boundaries who may try to take advantage of a loosening of authority for the purpose of starting their nefarious enterprises. In regarding this as a probability, I may be a false prophet and I hope I shall be one. I do not wish to figure as an alarmist; I am not speaking merely with a view to raise imaginary terrors. I know and I speak with authority and knowledge when I say so, that disruptive elements are present in this country and are functioning virulently and are actively financed from outside. I need only refer honourable members to the speech of the Punjab Premier sometime ago and may add that next to the Punjab, U. P. and Bengal, the dangers of communist activity are most in evidence here. Such people are also working in British Malabar and in our sister State of Cochin where a number of Travancore agitators are residing and are in close communication with the violent communist elements there and elsewhere. They are working for their own dangerous purposes and if they give trouble it may be very necessary for us to be well armed. It may be that if we are well armed and well protected and if our

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Army, our Police and our young men who will undoubtedly go into the Civic Guards and the Territorial Forces of the future and who are full of patriotism of the right type, are made efficient for service, this danger will pass. But the danger *is* there and it is necessary to provide for it—provide for it psychologically—yes; morally, yes and also financially; and that is the reason for the provision of ten lakhs referred to in the speech of the Financial Secretary when he said that it is necessary to make an extra provision for the purpose of the war and the difficulties connected with it.

One bye-product of the war is the immediate throwing out of employment of some 25,000 workers in Alleppey, Shertala, Quilon and other places. I have been told that the fate of nearly half a million people is involved in this present situation. But immediately we have to deal with the question of 25,000 workers who till yesterday were employed in the coir and allied industries and who today are in a state of starvation. His Highness, with his characteristic generosity, has authorised me in this connection to alleviate the position; firstly until work is arranged for and can be given to them, to relieve their distress by grant of rice. We have put ourselves in contact with the organised employers of labour. We have told them that they may distribute rice to those who have been employed in work and are now thrown out of employment and that we shall pay 50 per cent. of the rice which they give. This grant has been started. In the case of small employers, that process will be difficult and for that purpose representatives of organised labour, of the employing classes, the local Magistrates, the officials in the Police Department, have been grouped together as a kind of committee for the purpose of extending relief. This is not all. This relief can be only temporary. Giving small doles of rice cannot be kept up for ever and it is not the right thing to do, because it robs the people of initiative and self-respect. Therefore the second and main idea of Government is to start public works on a large scale in and around Alleppey and other affected places. It must be noted that, whatever the commercial importance of Alleppey may be, whatever the possibilities of Alleppey may be, at present it is a swampy and insalubrious place. Government consider that the swamps should be filled in, as far as possible, by employing manual labour and, that the opening of new canals and roads and improvement of the old ones should be started immediately. The Public Works Department has been already entrusted with the duty of bringing this into effect as early as possible and I wish the Chief Engineer godspeed in his endeavours. A Distress Relief Fund of 5 lakhs has been set apart for these activities. The sooner the Chief Engineer formulates and initiates this scheme, the sooner will the system of doles be replaced by fruitful work helpful to the morale of the labourers. I am glad to say, in this connection, that the concreting of the 50-mile road between here and Cape Comorin has served the useful purpose of employing large groups of labour, and the construction of the Public Offices also has alleviated to a certain extent the condition of the poor people at this moment.

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One product of the cocoanut palm has however come to its own and that is the shell from which a very useful kind of charcoal is produced and which is valuable during war and is likely to continue to be useful even thereafter. This Government have been helping in the large scale production and supply of this charcoal for war purposes and this industry has promise of a bright future, especially as the shell till now has been thrown away or used as a second-rate kind of fuel.

One of the reactions of the war was the attempt at profiteering. Soon after the news spread that war broke out, there was an attempt indiscriminately to raise the prices of articles and artificially to inflate them. Government could have followed a policy of *laissez faire*. But they decided otherwise. They purchased rice from Burma for about 15 to 16 lakhs. They sold it at low rates and succeeded in keeping down the price. Government have lost some money over it. That amount will come to the neighbourhood of rupees fifty thousand to 1 lakh. But if we lose not one lakh but even rupees 3 or 4 lakhs, that loss was well worth incurring, because we stabilised the price of rice and paddy here. The same thing cannot be said of other commodities such as petrol and of kerosene oil over which we have no control. I have so far dealt with the war and the direct reactions of the war. Let me conclude my remarks in this connection by saying and I say it not in a carping or controversial spirit but as an appeal to everybody, that this is a crisis graver than most people have any conception of. It is a crisis in which what is under risk is the whole of what matters in our life and in our ideals. We here especially in Travancore have become so "educated" in the western mode and so thoroughly imbued with the ideas and ideals of that great power with whom our fortunes have been associated that we are probably more likely to be losers by any major catastrophe than in most other parts of India. Very few people who talk light-heartedly of the present juncture realise that, notwithstanding our own grouses and our occasional differences with the British Government, India cannot possibly reconcile herself to the hegemony of any of the other Powers now contending for mastery. Hence it must be borne in mind that unless we rise to the occasion, the risks, the losses—the psychological and moral as well as the physical losses—are so great and incalculable that the situation must be fully faced and dealt with finally and adequately.

In this connection is it too much to tell the advocates for complete independence of India, an independence which if granted today will not be worth five minutes' purchase, an independence demanded by people advocating the idea of lying on the road and allowing the enemy to trample upon us, that such philosophy will not be conducive to our interests or our future evolution. However I feel quite confident that the members of the Travancore Legislature and the people of Travancore will have no patience with these philosophies and these ideologies, but will proceed with their work with a stout heart and with a continuous, firm and creative policy.

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Now, honourable members of the Legislature, faced with such problems, it is necessary for us to deal with the question of our revenue and expenditure in the light of the issues raised. We are a poor people here. Very many people do not appreciate how poor we are. Travancore is a country which, to distinguished visitors, appears to be a land of smiling plenty. One very eminent visitor has remarked that there does not seem to exist any interval between house and house, that this country is a country of gardens and garden houses. Yes, that is so. But that land of garden houses is a land in which each man has one-fourth of an acre or half an acre or one acre to bless himself with and therefore the position is that whereas there is no destitution in this country, whereas there is no famine in this country, there is no capital either. Perhaps that is an advantage. But when we are dealing with a practical financial programme, philosophical disquisitions on the advantages of having just enough to live upon are not much of a consolation. Thus it is necessary for me to emphasise this aspect of the matter, *viz.*, that Travancore is a land of the upper and lower middle classes. Ours is not a land of prosperous financiers. Our taxation programme, our financial policy has to be adapted to the conditions existing in this country. What is the canon of taxation for such a people? We may in this connection profitably go back for nearly 2,000 years. I was the other day reading Kautilya's *Arthasastra* and Sukra's *Nitisara*. One of the points Kautilya emphasises is the maxim of the "inconspicuousness" of taxation. That is, the man who was to pay the tax should not obviously feel the pinch of it and Kautilya has stated that amongst the best specimens are the taxes on oil, ghee, salt and mining and such other sources which are today the backbone of our fiscal system. According to Sukra's *Nitisara*, it may be noticed that military expenditure was fixed at about 20 to 30 per cent. and the cost of administration at 12 per cent.

Emphasis was laid on "non-tax" receipts and on State undertakings as likely and useful sources of legitimate revenue. It is marvellous that so many centuries ago it was stated that one of the best methods of inconspicuous taxation was to resort to some State undertakings. The State Transport system, the Ceramic Factory and the Electrical Scheme, have the authentic imprimatur of Kautilya and Sukra, as all these schemes deal with primal necessities and are bound to bring in revenue without inducing a sense of oppressiveness. There is a further observation that I may be permitted to make. Dealing with the question of the object of taxation, it was stated that the development of the State's ultimate resources is the function of Government and should be kept in view by the taxing authority. In very picturesque and strong terms, this is what Kautilya said :

समुदायिकेष्ववक्लृप्तिकं
व्ययमुपहत्य राजाऽनुतप्येत

The Raja will suffer who does not concentrate upon expenditure which may be characterised as productive. These are the principles

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which I submit are as true today as they were long ago. They have not been always kept in view by financiers either in Europe, America or here, though they are sound canons of taxation.

What about our revenues? Our revenues this year are estimated at about Rs. 285 lakhs. The revenues of Gwalior, Kashmir and Baroda according to 1939 figures vary between Rs. 255 and Rs. 260 lakhs. In Mysore the Revenue is nearly Rs. 4 crores, thanks to its active and well-directed agricultural and industrial policy. Next to Hyderabad and Mysore, therefore, with our small area of about 7,600 square miles, we get the highest revenue in Indian India. I hope with the Financial Secretary that with the development that we expect from our industrial resources, in the next year's budget, the revenue will reach Rs. 3 crores. But these Revenues are not raised in a burdensome manner and I can confidently direct the attention of the honourable members of the Legislature to those pages of the Financial Secretary's speech in which he has made a comparison and contrast between the taxation here and taxation elsewhere. We are not indulging in excessive taxation.

What are our assets and the prospects? Now I shall deal with the most potentially valuable item which is the Pallivasal Hydro-Electric Scheme. It will be noted that the K. D. H. P. Company has electrified its undertakings from Pallivasal. Very recently I addressed the planters of the Peermade area and I have some hopes of their willingness to electrify their estates and thus they will be very large consumers of our power. The A. D. Cotton Mills and the Sri Chitra Mills have electrified their factories. So also have the Punalur Paper Mills and the Kundara Factory. It is also contemplated to extend this electrical power for the purpose of lift irrigation and for intensive agriculture in many areas, and incidentally also to help in increasing the growth of tobacco and sugar-cane which are commercial crops. Now, some figures may be useful in this connection. The total connected load from the Pallivasal Hydro-Electric Scheme is about 4,000 K. W. as against the present capacity of 9,000 K. W. and the ultimate capacity is 31,000 K. W. If the Aluminium Factory comes into operation it would practically consume the whole of our available output at the moment.

A word about the Aluminium Factory. I find that there has been some misconception on that matter. The Aluminium Company is one which is run by a syndicate partly British and partly Canadian and it will be known to the Honourable Members that the immediate and extensive production of aluminium is an all-India necessity. In a communique issued on July 20th from Simla, the Government of India have announced the steps taken for the encouragement of the production of aluminium by means of exempting the import of alumina from payment of duty so that the raw materials that we have to obtain for the work of that factory will be exempt from duty. That is a very timely gesture on the part of the Government of India. It also shows what importance they attach to the growth of the aluminium industry. It goes without saying that the aluminium of today has almost taken

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the place of the iron of yesterday. It is used both in the form of alloy and in its own native form, and for the manufacture of munitions and armaments, aluminium is indispensable. Our idea is that we should make every effort to start that industry and the honourable members of the two Houses of Legislature will be glad to learn that not many days ago I sent my confirmatory telegram to the Company accepting the revised terms which were under negotiation between that Company and this Government. The factory itself will be started in Alwaye and will consume at first not less than 4000 K. W. and 3000 K. W. very soon thereafter. The actual work of construction will take an year and to have it in full running order, it may require a year or a year and a half. It is expected directly and indirectly (by the starting of subsidiary industries) to enhance our industrial status. The Telephone Extension is also a great commercial convenience and is an element of progressive industrialisation. Quite recently, thanks to the visit to this country of Dr. Gilson on behalf of certain American Mineral Companies and thanks also to the disinterested and generous labours of my friend Mr. C. K. Krishnaswami Pillai, Professor of Geology, Presidency College, Madras, a geological survey of some portions of the State has been made in respect of mica and graphite, and it has been discovered that we are also specially well supplied with limestone. In fact, on the borders of this State and British India there seems to be one whole hillside which is composed of pure limestone. This means a lot for cement production as we have one of the basic materials on the spot. It will be the object and ambition of this Government to develop cement manufacture on a large scale. This will also require electric power in large quantities.

I do not wish to say anything more than what is contained in the Financial Secretary's statement on the ceramic industry; but I may add that already a very large number of enquiries have come to us from paper mills, potteries and from manufacturers and producers of ceramic ware and we are confident that it will be one of the major undertakings of the State.

The Transport Scheme has survived its "growing pains" and the many obstacles that it encountered at the outset, and is now fortunately recognised as a profitable and valuable item of the State's activities, notwithstanding the present rapid increase in the cost of spare parts, oil, petrol etc.

I am also glad to say that research is proceeding on the right lines with regard to our mineral sands. The University is experimenting on thorium and its uses and the possibilities of producing luminiscent paints. The University, although started very recently, has already justified its existence. It was intended, among other things, to be a centre of research, as an instrument for enhancing the prosperity of the State, as an instrument for forwarding the cause of applied science. The Department of Research presided over by Dr. Moudgil, to whose work I must pay a special tribute of praise, has done fine work in this connection and he has been ably assisted by a band of

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enthusiastic and most capable adjutants. The University's researches in the matter of oils and in the matter of lubricating re-agents have given us valuable results so much so that we are hoping that by means of work done on Diesel Oil, we might be able to run our Transport buses with the minimum dependence on petrol. Those experiments will be continued and translated into a commercial proposition. If experiments are successful we shall not be depending solely on petrol for our Transport system. And that is saying a great deal. As honourable members probably may realise, fine work has been done with regard to salt. Fine work has been done with regard to timber. The University has also done and is doing much useful work in connection with our fisheries.

It is a matter for special congratulation that researches and experiments in the matter of shark liver oil have proved conspicuously successful. The shark is a fairly frequent visitor but he was dreaded and unwelcome except on the part of those who needed shark's fins. Now we have to welcome the sharks with open arms and there must be special receptions held for them because it has now been found that the oil extracted from the liver of the shark contains more potent vitamin and is three or four times as efficacious as the ordinary cod-liver oil of commerce. The only drawback till now has been the odour of the oil and steps are being taken to refine it. If those steps are successful, a great market will open up. Already hospitals of the State are being supplied with the shark liver oil and experiments have been pronounced by the Head of the Department to be successful.

I now come to a very important subject, *viz.*, forests. One of the things which impress a person like myself who has had some knowledge of forest administration elsewhere is the terrible waste of the forest resources of this country and their imperfect utilisation. The manner in which reckless and wasteful disafforestation is taking place is mournful to contemplate. Forest fires, started for fugitive cultivation and without safeguards against spreading, are of daily occurrence in places like Peermade, Munnar and Shencottah. The soil so disturbed is loosened in the next monsoon and falls into the streams and rivers and raises the level of the river beds, thereby causing more frequent floods and the hill sides become barer and less fertile as year succeeds year. This has to be prevented and no precaution is too much in this direction, because hills and forests so to say are literally the source of our prosperity. I find also that there is no sufficient advertance to terrace cultivation on the hill slopes. There is not enough adherence to those maxims of forest development and forest exploitation and forest planting that have made Norway and Sweden very rich countries notwithstanding their many handicaps. These countries have practically no arable lands and live on by means of their forests. We must take a lesson from them. The denudation of forests and the reckless registration and fragmentation of forest areas have to be prevented at all costs and a new policy initiated. This new policy involves the sale of our soft woods and the production of enough soft woods. Cardamom has now become an important monopoly crop but the prosperity of the planters has been

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affected by pests against which a scientific campaign has been started. But the cardamom planter relies for his market and his sales on outside agencies. It will be the object of this Government to make Travancore the centre not only of production but of marketing and salesmanship.

I am glad to announce that Government have entered into negotiations with one of the biggest industrialists of India for the purpose of taking the Rubber Factory on lease on condition that Travancore artisans and workmen will be trained and Travancore men will be enabled to run the factory as soon as practicable. This lease will resuscitate an industry which at this juncture is vital from every point of view. It is hoped that successful results will follow and that the factory will be re-opened in the course of a few weeks if not in a few days.

Another matter engaging our attention is the starting and stimulating of beedi cultivation. We import nearly Rs. 2 lakhs worth of beedi leaves from outside. Many poor classes of people indulge in beedi, because they must indulge in something. It is necessary to deal with that want and supply it. We are attempting to do so. The Agricultural Department has been charged with the task of not solely relying upon rice but of trying to cultivate other crops like soya beans and tobacco and also of introducing scientific methods and terraced cultivation. Much can be achieved if the Co-operative Department also came into the picture and concentrated upon producers' societies and marketing organisations. But this can only be done if the Co-operative movement is flourishing in the State. I do not wish to say anything more on this subject now, but I trust that the crisis that has overtaken the movement will at least stimulate those interested in it to new and re-oriented efforts so as to ensure that the Co-operative Movement is an asset to the State and not a liability.

Not long ago I was speaking to the Planters of Peermade enjoining on them the importance of growing potatoes and other vegetables on the hills of Munnar and Peermade. A very big export trade in vegetables has been inaugurated where the climate is favourable. Why should it not be possible here also where conditions are analagous, as in the High Ranges and Peermade? Not only the Planters but the middle class owners of land on the hills also can take up such cultivation.

This Government attach a special importance to fisheries. In fact I must be considered to be a fish fanatic. The food of the country is largely rice, tapioca and condiments. Rice by itself has its drawbacks as an article of nutrition. Tapioca is filling but comparatively innutritious. Chillies and condiments as articles of food are open to serious criticism. But a combination of fish, tapioca or hand-pounded rice and chilly would be a very different proposition. In the matter of production of fish, Travancore occupies a very high place in India. Sardines are available here. This is a place where prawns grow even in paddy fields. Curious to say, during floods, prawns are washed into the paddy fields and remain behind and grow until the flood subsides and the landholder in addition to his rice crop finds prawns as a side crop. Besides

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sardines and prawns we have abundant supply of many varieties of fresh water and sea water fish. But on account of lack of facilities for transport, enough fish is not consumed by the people of the State. Arrangements are therefore being made to utilise fully our refrigerating and cold-storage plant and to facilitate transport so that fish can be taken in perfect condition from village to village and from town to town for the consumption of the people so that their health and strength may be enhanced by obtaining a more nutritious diet. In this and in other matters the help of the University is needed and this help is being freely and ungrudgingly given. I have dwelt on certain enterprises on which the State is engaged. If we have such nation building programmes before us, how shall we finance them? Shall we borrow money or shall we resort to fresh taxation? I would undoubtedly have said 'borrow' because as has been pointed out by the Financial Secretary, our public debt is negligible and is nothing compared with the public debts of civilised Governments. In fact Sir Visveswara Aiyya from whom a quotation was made in the Financial Secretary's speech used to say that a country which has no big public debt is not really civilised. We may or we may not be entirely at one with him in that opinion. But at the same time it is a wise policy to borrow for capital schemes because many of such schemes benefit not only this generation but the succeeding generations, and posterity should also shoulder its share of the burden. But it need hardly be said that this is not the time for borrowing and therefore it is that we have thought it safer to impose just enough taxation to meet our present needs. And that taxation is a taxation on companies which anyhow have to pay tax here or elsewhere. Take for instance a tea company or a mineral company. Owing to the operation of the present Income Tax Law in British India and elsewhere what we now do is by taxing them less than in British India, we are giving them no particular benefit but we lose the difference between the British Indian tax and our tax. And that is why in the case of companies, provision is made that our taxes should be brought to the level of British India. So far as the Income Tax, the Excess Profits Tax and Super Tax are concerned we have been taxing less than in British India and even now our proposal is that only the incomes above Rs. 5,000 are to be reassessed.

Honourable members know that the life of the Legislature has been extended by another year. This is due to the policy and expediency of not having controversial discussions on election platforms at this juncture when our energy has to be diverted to fundamental and urgent matters.

I have done. In commending this budget to your notice and approval let me say that this budget has been framed with advertence to our general political outlook and our financial necessities *in esse* and *in posse*. With regard to ourselves,—Indian States generally and Travancore in particular,—we are following a certain system o Government and a policy, namely the system in vogue today. Before

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people talk facilely of changing such a system and of embarking on a policy of so-called independence, let them remember that even an abstract discussion of independence involves and connotes and must necessarily result in loosening and finally snapping the ties that bind Indian States by treaty and other obligations to Great Britain. That snapping of the ties cannot take place at the instance of one party or another. That fundamental modification must be a consensual act as between Indian States and the British Government. I may even go to the extent of saying that even if the British Government at this juncture were willing to make a declaration as to independence, Indian States will have a say in the matter because there are two parties to this contract and unless and until we are able to stand on our own legs and effectively to defend ourselves under modern conditions and fulfil our own destinies and follow our own ideals and plans, England has a duty to Indian States, which I feel sure she will not fail to discharge. And until we are able to enter into new arrangements with her, this one-sided talk cannot but be ineffective and purposeless if not dangerous. If without such consensual settlement India is granted or promised complete independence, each Indian State will have and probably insist on its right to self-determination and evolution on its own lines. The unity of India will be endangered and harmonious progress jeopardized. This is what I have endeavoured to point out during recent controversies and discussions.

With these words I commend the budget to your notice.

The joint sitting terminated at 1-5 P.M.

A. GUNAMONY,
Secretary to Sri Chitra State Council.

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